

FACT SHEET:

Democrats Act to Help American Manufacturers

US Firms Face Up to \$4 Billion in Trade Penalties Due To Republican Stalling

With over eight million Americans looking for work and 2.8 million manufacturing jobs lost in the last three years, Democrats are fighting to keep good paying American jobs here at home and create new jobs. But Republican policies reward companies who “outsource” factory and white-collar jobs overseas. Because Republicans refuse to pass a bipartisan manufacturing tax bill, American manufacturers will be faced with hundreds of millions of dollars in European Union trade sanctions starting on March 1, 2004. Today, Democrats launched a discharge petition drive to force the Republican leadership to act on a bipartisan bill to end the sanctions and keep good paying jobs here in America.

2.8 million manufacturing jobs lost since the beginning of the Bush Administration. The Bush economy has had a devastating impact on the nation’s manufacturing sector, with manufacturing jobs lost every month since President Bush took office – bringing U.S. manufacturing employment to a 53-year low.

Outsourcing is not a good thing. The Chairman of the White House Council of Economic Advisers stated recently that “Outsourcing is just a new way of doing international trade...and that is a good thing.” However, the more than one million workers who have lost their jobs to China, India, the Philippines and other countries over the past three years do not agree with this outrageous statement. Over 14 million jobs – 11 percent of all jobs in the United States – have been identified as at risk of being sent abroad. As many as 3.3 million jobs may be sent offshore by 2015, causing American workers to lose \$136 billion in wages. And studies show that over the past two years, industries that are gaining jobs pay 21 percent less annually than those industries that are losing jobs.

EU preparing to levy up to \$4 billion in sanctions on struggling American manufacturers. Beginning March 1, Europe plans to retaliate against American manufacturers for continuing a tax subsidy for U.S. exports. The Republican-controlled Congress has had more than a year to fix this problem, but has failed to act. Now, because of Republican inaction, American *dairy producers, sugar producers, citrus farmers, iron and copper producers, and cattle farmers* are at risk for financial penalties that will make their products harder to sell. Over the next year, farmers, ranchers, and manufacturers could pay hundreds of millions in tariffs on their goods.

Congress has a bipartisan solution to stop the sanctions and create American jobs, but Republicans are refusing to act. More than 154 Members of Congress from both parties have cosponsored legislation that would bring the United States into compliance with the WTO ruling, reduce taxes for U.S. manufacturers, and keep jobs in the United States. The bipartisan Rangel-Crane-Manzullo-Levin bill (HR 1769) would revitalize our manufacturing base by lowering tax rates on all domestic producers, including small businesses and farms, by 3.5 percent. The tax incentives are structured to keep good-paying manufacturing jobs here at home. It is fully paid for, and would not increase the deficit.

Republican bill makes it easier for multinational corporations to move jobs abroad. The Republican plan, which would add \$60 billion to the deficit over 10 years, includes a large loophole that allows corporations to outsource almost all of the work needed to make a product and still reap most of the benefits from a tax break for “domestic production.” And it includes billions of dollars in new tax breaks for the off-shore operations of U.S.-based multinational corporations, as well as new subsidies for electronic fish finders, bait containers, bows and arrows, and liquor wholesalers. This plan replaces tax incentives to export American goods with tax incentives to export Americans jobs.

Crisis in manufacturing is bad for economy, industry, and workers. Manufacturing has long been key to the strength of our economy. It provides good jobs and guarantees a high standard of living for America’s working families. In fact, in 2001, manufacturing workers’ earnings were 23 percent greater than those of workers in service sectors of the economy.

Democrats launch discharge petition to force Republicans to act on bipartisan manufacturing tax cut. Democrats launched a discharge petition drive on the bipartisan Rangel-Crane-Manzullo-Levin bill (HR 1769). This proposal will revitalize our manufacturing base by lowering tax rates on all domestic producers, including small businesses and farms. It would encourage job creation and prevent the migration of jobs overseas by providing an incentive for companies to manufacture goods here in America. In addition, Democrats support helping manufacturers develop new technologies, upgrading job training for a high-skilled workforce, and enforcing trade laws to make sure that our manufacturers are not at a competitive disadvantage.

Democrats want to crack down on offshore tax cheats. Democrats have long supported closing tax loopholes for corporations and individuals that move abroad to avoid paying taxes. Democrats have fought to eliminate the use of offshore tax havens, such as Bermuda and Luxemburg, which big corporations use to get out of paying their fair share of taxes.

